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PASS: TREASURY FOR PARSKY

E.O.11652: N/A
TAGS: EFIN, ENRG, OECD
SUBJECT: TEMPORARY WORKING PARTY (TWP) OF ECONOMIC
POLICY COMMITTEE (EPC); JANUARY 20-21 MEETING

REFS: (A) CPE/TWP(75)17, (B) CPE/TWP(75)18,
(C) CPE/TWP(75)19, (D) CPE/TWP(76)1,
(E) CPE/TWP(76)2, (F) OECD PARIS 1259,
(G) EC BRUSSELS 619

SUMMARY AND INTRODUCTION

L. AT ITS JANUARY 20-21 MEETING, TWP HAD EXCHANGE OF VIEWS ON APPROACH TO CIEC FINANCIAL AFFAIRS COMMISSION (FAC), DISCUSSIONS ON OECD, IMF, AND U.S. PAPERS ON BALANCE OF PAYMENTS SITUATION, LDC'S (REFDOCS A, B, C, E) AND ON BALANCE OF PAYMENTS PROJECTIONS FOR OPEC (REFDOC D). TWP ALSO REVIEWED STATUS OECD SUPPORT FUND RATIFICATION (SEE SEPTEL). EXCHANGE OF VIEWS ON APPROPRIATE AGENDA FOR FAC RESULTED IN CONSENSUS THAT INDUSTRIAL COUNTRIES SHOULD PROPOSE FAC BEGIN WORK BY UNDERTAKING GENERAL ANALYSIS OF SHORT- AND MEDIUM-TERM FINANCIAL SITUATION AND PROSPECTS OF WORLD ECONOMY BEFORE DECIDING WHICH MORE SPECIFIC FINANCIAL TOPICS SHOULD HAVE PRIORITY IN FAC. TWP ALSO AGREED FAC SHOULD AVOID TOPICS WITHIN RESPONSIBILITY OF IMF/IBRD AND THAT GENERAL DEVELOPMENTAL ISSUES SHOULD FIRST BE DISCUSSED IN DEVELOPMENT COMMISSION. FAC DISCUSSION REVEALED EC COMMISSION AND LUXEMBOURG SENSITIVITY TO APPEARANCE OF REACHING COMMON POSITIONS ON CIEC IN OECD, ALTHOUGH TWPAGREE TO DESIRABILITY OF SEEKING TO ACHIEVE CONVERGENT INDUSTRIALIZED COUNTRY VIEWS IN TWP. DISCUSSION OF LDC PAYMENTS SITUATION INDICATED GENERAL AGREEMENT THAT 1976 SITUATION IS MANAGEABLE, BUT LESS CONFIDENCE ON MII- TO LONGER-TERM OUTLOOK. DELEGATES
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AGREED TO VALUE OF DISAGGREGATED ANALYSIS OF PAYMENTS PATTERN DISCUSSION OF OPEC PAYMENTS REVEALED CONVERGENCE OF REVISED SECRETARIAT ESTIMATES WITH THOSE OF U.S. TWP AGREED ON VALUE OF ANALYZING PROSPECTS FOR IRDIVIDUAL OPEC COUNTRIES, AS THIS REVEALS CONSIDERABLE DIFFERENCES WHICH LIKELY TO AFFECT POSITIONS THESE COUNTRIES IN CIEC. VAN YPERSELE, WITH STRONG CONCURRANCE OF TWP, SAID HE WOULD TRANSMIT VIEWS

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OF TWP THAT FAC MEETINGS (AND, IN FACT, MEETINGS OF
OTHER COMMISSIONS) BE LIMITED TO 3-5 DAYS, WITH 4-6 WEEK
INTERVALS. NO DATE SET FOR NEXT TWP MEETING, BUT LIKELY
TO BE SOON AFTER FIRST FAC MEETING. END SUMMARY.

EXCHANGE OF VIEWS ON CIEC FINANCIAL AFFAIRS COMMISSION
(FAC)

2. AS REPORTED SEPTEL, TWP CHAIRMAN VAN YPERSELE AND
LUXEMBOURG REP (JAANS) ANNOUNCED THAT ALFRED DONDELINGER,
LUXEMBOURG REPRESENTATIVE IN BELGIAN CENTRAL BANK AND
MEMBER OF THE EC MONETARY AFFAIRS COMMITTEE, WILL BE THE
EC CO-CHAIRMAN OF THE FAC. LEADING OFF DISCUSSION OF
AGENDA FOR THE FAC, SWISS PROPOSED THAT INDUSTRIALIZED
CO'AUNN"IE SEEK TO HAVE FAC LAY ASIDE SPECIFIC TOPICS
SUCH AS PROPOSED IN G-19 LIST (REFTEL F) AND INSTEAD
UNDERTAKE FIRST A GENERAL ANALYSIS OF SHORT- AND MEDIUM-
TERM FINANCIAL SITUATION AND PROSPECTS (PARTICULARLY THE
BALANCE OF PAYMENTS) OF WORLD ECONOMY. THIS PROPOSAL
WAS SUPPORTED BY U.S., ITALY, LUXEMBOURG, JAPAN, SWEDEN,
AND SUBSEQUENTLY BY TWP IN GENERAL WITH ONLY SPAIN AND

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OECD SECRETARIAT QUESTIONING PROPOSAL. THIS GENERAL APPROACH WOULD BE EXPECTED TO DELAY CONSIDERATION OF SPECIFIC G-19 LIST OF ISSUES UNTIL GENERAL ANALYSIS HAS PROVIDED BASIS FOR DETERMINING WHERE PRIORITIES SHOULD LIE. IT WAS NOTED THAT G-19 WILL HAVE DIFFICULTIES AMONG THEMSELVES IN ASSIGNING PRIORITIES, AND THIS SHOULD FAVOR ACCEPTABILITY OF APPROACH. RECOGNIZED, HOWEVER, APPROACH LIKELY TO RUN INTO CONSIDERABLE G-19 RESISTANCE.

3. DISCUSSION OF SWISS PROPOSAL REVEALED CONTINUING CONCERN OF SOME COUNTRIES AND SECRETARIAT THAT SUCH A GENERAL ANALYSIS WOULD DEGENERATE INTO DIVISIVE ATTEMPTS TO APPORTION BLAME FOR SHORTCOMINGS IN WORLD ECONOMIC SITUATION. ALSO, THERE WAS SOME UNCERTAINTY AMONG DELE-GATES AS TO HOW PROPOSED FINANCIAL STUDY IN THE FAC WOULD RELATE TO ENERGY COMMISSION STUDY OF ECONOMIC EFFECTS OF HIGH ENERGY PRICES. SECRETARIAT ARGUED THAT IT WOULD BE BEST TO HANDLE ENTIRE FINANCIAL AND ECONOMIC OUTLOOK IN FAC, BUT U.S. STRESSED THAT ANALYSIS IN FAC

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SHOULD BE FOCUSED ON FINANCIAL, MAINLY BALANCE OF PAY-
MENTS, ASPECTS OF ECONOMIC SITUATION. U.S. DEL SUGGESTED
IT MIGHT BE USEFUL FOR SECRETARIAT TO BEGIN PULLING
TOGETHER PAPER ON WORLDWIDE OUTLOOK, DRAWING ON AVAIL-
ABLE WORK. SECRETARIAT SHIED AWAY FROM THIS. (IN
LATER PRIVATE DISCUSSION WITH U.S. DEL (BUSHNELL), VAN
YPERSELE NOTED THIS AND SECRETARIAT'S CONCERN THAT OECD
COUNTRIES WILL HAVE DIFFICULTY IN AGREEING ON OUTLOOK
BEYOND 1976, WITH SOME MEMBERS LIKELY TO ARGUE LDC'S
FACE SERIOUS FINANCING GAP AND WITH DISAGREEMENTS ON
IMPACT OIL PRICE RISE COMING TO THE SURFACE. VAN
YPERSELE SUGGESTED THAT FOR 1976, FAC DISCUSSION COULD
BE BASED ON IMF WORLD OUTLOOK, AS A STARTING POINT. FOR
LONGER TERM BALANCE-OF-PAYMENTS ANALYSIS HE SUGGESTED
U.S. MIGHT WISH TO PREPARE A PAPER PERHAPS BEGINNING
WITH, BUT REVISING WHERE NECESSARY, WORLD BANK PROJEC-
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TIONS PRESENTED IN JAMAICA.)

4. IN REVIEWING LIST OF ISSUES PREPARED BY G-19, THERE
WAS STRONG CONCURRANCE WITH U.S. VIEW THAT FAC SHOULD
RESPECT THE JURISDICTION AND RESPONSIBILITIES OF IMF AND
IBRD, ALTHOUGH SOME DELEGATES WERE UNSURE PRECISELY
WHERE AND HOW TO DRAW THE LINE. THERE WAS ALSO GENERAL
AGREEMENT WITH U.S. VIEW THAT THOSE ISSUES BASICALLY OF
A BROAD DEVELOPMENTAL NATURE, THAT IS, THOSE TYPES OF
ISSUES THAT NORMALLY WOULD BE HANDLED BY DAC, SHOULD BE
DISCUSSED FIRST IN THE DEVELOPMENT COMMISSION. OECD
SECRETARIAT (FAY) WENT OVER G-19 LIST INFORMALLY INDI-
CATING PRELIMINARY AND PERSONAL ASSESSMENT OF WHICH OECD
OR WORLD-WIDE GROUPS WORKING ON EACH SUBJECT AND WHICH
CIEC COMMISSION MIGHT HANDLE ISSUES FIRST. LIMITED
DISCUSSION ON LIST REVEALED BROAD AGREEMENT WITH FAY'S
COMMENTS, WITH SOLE EXCEPTION OF LDC DEBT ISSUES, WITH
U.S., DANES, AUSTRALIANS AND SECRETARIAT NOTING THIS
ISSUE RORMALLY HANDLED BY DAC AND NORTH/SOUTH GROUP (AND
SHOULD AT LEAST INITIALLY BE LEFT THERE AND IN DEVELOP-
MENT COMMISSION), AND U.K. ARGUING DEBT QUESTIONS SHOULD
BE HANDLED IN FAC. U.S. DEL NOTED XCSS IS PROPER OECD
GROUP TO DISCUSS DIVISION OF BACKSTOPPING RESPONSIBILI-
TIES IN OECD. FAY'S COMMENTS ON G-19 LIST FOLLOW:

ITEM 4.1A, B, AND C: OECD BACKSTOPPING: DAC AND
PRESUMABLY NORTH/SOUTH GROUP (N/SG); CIEC: DEVELOPMENT
COMMISSION

ITEM 4.2A (COULD BE COMBINED WITH 3.8 AND 4.8):
OECD: TWP: CIEC: DEVELOPMENT

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ITEM 4.2B: IMF RESPONSIBILITY (TO EXTENT APPRO-
PRIATE OECD: TWP; CIEC: FAC

ITEM 4.2C: OECD: DAC AND N/SG: CIEC: DEVELOPMENT
COMMISSION

ITEM 4.2D: IMF RESPONSIBILITY (TO EXTENT APPRO-
PRIATE OECD:TWP; CIEC: FAC

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ITEM 4.3: OECD: N/SG AND DAC; CIEC: DEVELOPMENT
COMMISSION

ITEM 4.4A AND B: IMF/IBRD DEVELOPMENT COMMITTEE
RESPONSIBILITY (TO EXTENT APPROPRIATE OECD: INVESTMENT
COMMITTEE; CIEC: FAC)

ITEM 4.5: QUESTIONABLE WHETHER THIS SUBJECT FOR.

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ITEM 4.6 (RELATED TO 1.2): OECD: TWP;CIEC: FAC

ITEM 4.7: IMF/IBRD RESPONSIBILITY (TO EXTENT APPROPRIATE OECD: TWP; CIEC: FAC)

ITEM 4.8: COMBINE WITH 4.2A

ITEM 4.9: OECD: TWP; CIEC: FAC

ITEM 4.10: OECD: N/SG AND DAC; CIEC: DEVELOPMENT

5. IN ATTEMPT TO SUMMARIZE DISCUSSION ON APPROACH TO FAC, VAN YPERSELE PRODUCED A BRIEF "NONPAPER" WHICH LED TO EC DEBATE AS TO DEGREE TO WHICH OECD SHOULD SEEK TO REACH COMMON POSITIONS FOR FAC. EC DEL (JOHN NASH) AND LUXEMBOURG SPOKESMAN (JAANS) STRESSED IMPORTANCE OF PRO-

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CEDURE THAT HAS BEEN WORKED OUT FOR DEVELOPING UNIFIED EC POSITIONS, EC SENSITIVITY TO APPEARANCE OF COORDINATING POSITIONS IN OECD AND LACK OF ANY MANDATE IN OECD TO REACH COMMON POSITIONS ON CIEC. GERMANS AND BELGIANS SAID SAW NO DIFFICULTY IN SUBSCRIBING TO SEEK TO REACH CONVERGENT VIEWS IN OECD. COMPROMISE WHICH ALL FOUND ACCEPTABLE WAS TO REFER TO TWP RATHER THAN OECD AS FORUM FOR CONVERGING VIEWS (PRESUMABLY BECAUSE EC PROCEDURAL DISCUSSIONS HAVE COVERED OECD IN GENERAL -- E.G. AS DESCRIBED REFTEL G -- BUT NOT TWP IN PARTICULAR). FINALIZED NONPAPER, WHICH UNDERSTOOD AS SUMMARY WHICH NOT BINDING ON TWP MEMBERS, AS FOLLOWS:

BEGIN TEXT

1. IT IS DESIRABLE TO START BY ANALYSING THE PRESENT SITUATION AND THE SHORT- AND MEDIUM-TERM FINANCIAL PROSPECTS OF THE WORLD ECONOMY.

2. IN CONDUCTING THIS ANALYSIS, ONE SHOULD STRESS THE RESPONSIBILITY OF ALL COUNTRIES FOR ASSURING A BALANCED DEVELOPMENT OF THE WORLD ECONOMY;

3. IN THE LIGHT OF THIS ANALYSIS IT SHOULD BE POSSIBLE TO CONCERT ON THE AREAS WHICH SHOULD FIRST BE EXAMINED IN DETAIL IN THE FOURTH COMMISSION.

(A) IN PARTICULAR, IT WILL PROBABLY BE AGREED THAT THE BALANCE-OF-PAYMENTS SITUATION SHOULD BE EXAMINED AT AN EARLY STAGE - LOOKING AT THE BALANCES OF PAYMENTS OF OECD, OPEC AND NON-OIL DEVELOPING COUNTRIES, AND NOT ONLY AT THE POSITION OF THE POOREST COUNTRIES.

(B) OTHER SUBJECTS COULD EMERGE FROM THIS ANALYSIS, E.G. TRIANGULAR OPERATIONS.

(C) MATTERS WHICH ARE COVERED BY THE MANDATE OF ANOTHER COMMISSION SHOULD NOT BE TACKLED AT AN EARLY STAGE - TO ALLOW TIME FOR AT LEAST A PRELIMINARY DISCUSSION IN THE OTHER COMMISSION.

4. IN DISCUSSIONS IN THE FOURTH COMMISSION ACCOUNT SHOULD BE TAKEN OF THE SPECIFIC COMPETENCES OF THE IMF AND THE IBRD.

5. IT IS DESIRABLE THAT, AS FAR AS POSSIBLE, CONVERGENT VIEWS SHOULD BE ARRIVED AT IN THE TEMPORARY WORKING PARTY. END TEXT

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SITUATION OF NON-OIL DEVELOPING COUNTRIES

6. IMF REP (GUETTA OF PARIS OFFICE) WHO INVITED TO TWP FOR THIS PURPOSE (SEE PARA 11 BELOW) TALKED FROM IMF PAPER ON NON-OIL DEVELOPING COUNTRIES (ID/75/5). HE GENERALLY CONFIDENT ABOUT ABILITY THESE COUNTRIES TO FINANCE THEIR BOP DEFICITS IN L976, ESPECIALLY AFTER JAMAICA AGREEMENTS. SEVERAL DELS MENTIONED NEED TO AVOID OVERLY AGGREGATE APPROACH SINCE SIT-UATION VARIES GREATLY FROM COUNTRY TO COUNTRY AND
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GROUP TO GROUP. OECD SECRETARIAT SUMMARIZED RESULTS OF ITS PAPERS ON THIS SUBJECT (REFDOCS A,B,C).
US DEL QUESTIONED VIEW OF SECRETARIAT THAT THERE HAS BEEN A FUNDAMENTAL AND PERMANENT SHIFT IN TERMS OF TRADE OF MOST-SERIOUSLY AFFECTED NATIONS (MSA'S), WHICH HAS TO BE COMPENSATED BY A QUANTITATIVE AND QUALITATIVE SHIFT IN FLOWS OF ASSISTANCE (ON A CON-CESSIONAL OR GRANT BASIS) IN ORDER TO MAINTAIN GROWTH

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RATES. US DEL STRESSED IMPORTANCE THAT APPROPRIATE DOMESTIC POLICIES CAN HAVE ON PROMOTING BALANCED GROWTH IN LDC'S. HE NOTED THAT (ASIDE FROM OPEC COUNTRIES) HIGHEST GROWTH RATES IN 1975 WERE ACHIEVED BY THE MSA'S DESPITE LITTLE OR NO IMPORT GROWTH. FRG DEL STATED IT WAS MORE IMPORTANT TO SEPARATE OUT STRUCTURAL FROM CYCLICAL REASONS FOR THE PRESENT SITUATION, NOTING THAT STRUCTURAL FACTORS DUE MAINLY TO OIL PRICE INCREASES. HE ALSO URGED WE SHOULD AVOID CONCENTRATING ON PROBLEMS OF MSA'S, SINCE MANY MIDDLE-INCOME COUNTRIES MAY, IN FACT, HAVE MORE SERIOUS PROBLEMS. AN EXPANSION OF TRADE WITH MIDDLE INCOME COUNTRIES WOULD VERY MUCH REDUCE THEIR NEEDS FOR CAPITAL TRANSFERS. US DEL ADDED THAT IMPORTANT TO PRESENT ANALYSIS IN FAC IN WAY WHICH AVOIDS PRE-

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JUDGING SOLUTION. ON CERTAIN TYPES OF SOLUTIONS SOME OPEC COUNTRIES MIGHT BE SUPPORTIVE OF INDUSTRIALIZED COUNTRY VIEWS (ALTHOUGH HE NOTED THAT OPEC PARTICIPATION IN DEVELOPMENT COMMISSION WAS THIN - PRESUMABLY DELIB-ERATELY - NOT INCLUDING ANY OPEC SURPLUS COUNTRIES.) HE POINTED TO ESSENTIAL DIFFERENCE BETWEEN A FLOW OF FUNDS TO LDC'S WHICH PROMOTES DEVELOPMENT AND FLOW WHICH MERELY MAINTAINS CONSUMPTION. SEVERAL TWP MEMBERS FELT THAT CENTRAL TO DISCUSSION OF LDC BALANCE OF PAYMENTS ISSUES WILL BE ADEQUACY OF LDC GROWTH RATES ASSUMED IN ANALYSIS.

7. US DEL SUMMARIZED US PAPER (CIRCULATED AS REFDOC E), EMPHASIZING THAT THE PAPER WENT BEYOND AGGREGATE ANALYSIS AND ATTEMPTED TO CATEGORIZE COUNTRIES BY THE NATURE OF THEIR SHORT TERM PROSPECTS. TWP CONCLUDED THAT BASIC ANALYSIS OF LDC PROSPECTS FOR NEAR-TERM AS BETWEEN IMF, OECD AND US WERE SIMILAR, ALTHOUGH ANALYSIS COULD LEAD TO DIFFERENT CONCLUSIONS OR EMPHASIS AS TO LONGER-TERM PROBLEMS AND NEEDS OF LIMITED OFFICIAL USE

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LDC'S (SUCH AS ON DEBT BURDEN OR GROWTH RATES). TWP DID NOT ATTEMPT TO DRAW ANY CONCLUSIONS AT THIS STAGE.

BALANCE OF PAYMENTS PROSPECTS OF OPEC TO 1985

8. SECRETARIAT (FINER) STATED THAT IN LIGHT ITS REVIEW OF IMF ANALYSIS, IT HAD NOW REVISED DOWNWARD ESTI-MATES IN REFDOC D OF OPEC CURRENT BALANCES (EXCLUDING TRANSFERS) TO $40 BILLION FOR L975 AND $40-45 BILLION FOR 1976; CUMULATIVE SURPLUSES WERE REVISED DOWNWARD COMMENSURATELY TO $220 BILLION IN 1980 AND $200 BILLION IN 1985 (IN 1975 PRICES). THESE FIGURES NOW RESEMBLE MORE CLOSELY THE US ESTIMATES BUT ARE STILL CONSIDERABLY ABOVE IMF ESTIMATES FOR 1975 AND 1974. A REVISED PAPER WILL BE ISSUED BY SEC-RETARIAT REFLECTING THESE LOWER ESTIMATES. MAIN REASON FOR DOWNWARD REVISION GIVEN BY SECRETARIAT WAS HIGHER ESTIMATE OF OPEC EXPENDITURES ON SERVICES AND AN UPWARD REVISION OF OPEC IMPORTS. UK INDICATED THEY NOW ESTIMATE OPEC INVESTABLE SURPLUS FOR 1975 WAS IN THE LOW THIRTIES BILLIONS OF DOLLARS. CURRENT ESTIMATE GIVEN BY USDEL WAS $40-42 BILLION. SWISS DEL EMPHASIZED NEED TO AVOID AGGREGATE ANALYSIS WITH MORE WORK NEEDED ON INDIVIDUAL OPEC COUNTRY SITUATIONS. US DEL AGREED, INDICATING THAT EVENTUALLY MAJORITY OF OPEC COUNTRIES WILL HAVE SAME CONCERNS AS OTHER LDC'S, AS THEY WILL BE SEEKING TO

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IMPORT CAPITAL AND OBTAIN AID RATHER THAN TO EXPORT CAPITAL AND GRANT AID. DEFICITS OF THOSE OPEC COUNTRIES THAT ALREADY HAD DEFICITS IN 1975 ARE LIKELY TO INCREASE MORE IN 1976 THAN DEFICITS OF NON-OIL LDC'S. US STRESSED THAT ASSUMPTION IMPLICIT IN LOOKING AT OPEC AS A GROUP THAT OPEC DEFICIT COUNTRIES WILL BE FINANCED BY OPEC SURPLUS COUNTRIES BELIES REALITY. RATHER, EFFECT OF INCREASED DEFICITS FOR MANY OPEC COUNTRIES WILL BE MORE BORROWING IN WORLD CAPITAL MARKETS, AND MAY RESULT IN CROWDING OUT OF SOME NON-OIL LDC'S. THERE MAY BE A NEED TO DEVELOP A MORE SOPHISTICATED DISAGGREGATED FRAMEWORK FOR ANALYSIS OF OPEC.
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9. CONSIDERABLE ATTENTION WAS GIVEN BY TWP TO THE IMPLICATION FOR THE DIALOGUE OF THE CONTRASTING SITUATIONS OF THE FEW OPEC SURPLUS COUNTRIES AND

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INFO OCT-01 EA-07 IO-11 ISO-00 ARA-06 FEA-01 ERDA-05

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FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-04 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 AGR-05 TAR-01 FRB-03 NEA-10 /135 W
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INFO AMEMBASSY ANKARA
AMEMBASSY ATHENS
AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY CANBERRA
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY HELSINKI
AMEMBASSY LISBON
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY MADRID
AMEMBASSY OSLO
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY REYKJAVIK
AMEMBASSY ROME
AMEMBASSY STOCKHOLM
AMEMBASSY TOKYO
AMEMBASSY VIENNA
AMEMBASSY WELLINGTON
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MANY OPEC DEFICIT COUNTRIES, E.G. THAT IN DIALOGUE ONLY SAUDI ARABIA AND KUWAIT LIKELY TO HAVE STRONG INTEREST IN CIEC PROTECTION OF REAL VALUE OF FOREIGN ASSETS. US DELEGATE OBSERVED THAT ONE EFFECT OF RECENT INFLATION HAS BEEN TO REDUCE THE REAL BURDEN OF LDC FOREIGN DEBTS. OECD SECRETARIAT NOTED THAT BY 1985, HIGH ABSORBER OPEC STATES WILL HAVE CUMULATIVE DEFICIT OF 50 BILLION IN 1975 DOLLARS WHILE LOW ABSORBERS WILL HAVE CUMULATIVE SURPLUS OF $250 BILLION.

10. TWP GENERALLY AGREED THAT FURTHER ONGOING ANALYSIS OF PROSPECTS FOR OPEC CUMULATIVE SURPLUS WERE USEFUL, ESPECIALLY ON DISAGGREGATED BASIS AND "ABSORPTIVE CAPACITY" APPROACH. TWP NOTED THAT REFDOC E IN PRESENT FORM NOT SUITABLE FOR PRESENTATION IN FAC.

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PROCEDURAL MATTERS

11. WITH AGREEMENT OF TWP MEMBERS, VAN YPERSELE INVITED IMF REP TO PARTICIPATE IN TECHNICAL DISCUSSION OF LDC SITUATION ONLY. IMF REP WAS NOT PRESENT WHEN POLICY AND TACTICAL CONSIDERATIONS WERE COVERED.

12. TWP MEMBERS SHARED STRONG SENTIMENT FOR FAC MEETING SCHEDULE OF 3-6 DAYS WITH INTERVAL OF 4-6 WEEKS AND AGAINST LENGTHY SESSIONS SUGGESTED BY G-19. VAN YPERSELE WAS ASKED TO CONVEY THIS TWP VIEW TO OECD REPS ON CO-CHAIRMEN'S GROUP.

13. VAN YPERSELE ASKED WHETHER THERE WAS A NEED FOR A TWP MEETING ON FEBRUARY 10 IMMEDIATELY PRIOR TO FIRST FAC MEETING. NO ONE (INCLUDING VAN YPERSELE)
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SUPPORTED THIS IDEA. TWP AGREED WITH SUGGESTION BY USDEL THAT WHILE PLENARY TWP MEETINGS WERE THE FORUM FOR DISCUSSING STRATEGY, TACTICAL MATTERS COULD BE HANDLED AS AND WHEN APPROPRIATE (ON FEBRUARY 10 AND OTHER OCCASIONS) BY INFORMAL MEETINGS OF FIVE OECD PARTICIPANTS IN FAC, WHICH WOULD BE OPEN TO OTHER TWP MEMBERS. DATE OF NEXT FORMAL TWP MEETING WAS NOT SET, PENDING DETERMINATION OF THE FAC SCHEDULE. IT IS LIKELY TO BE HELD SOON AFTER THE FIRST FAC MEETING.

14. BELGIUM ASKED THAT SECRETARIAT PREPARE PERIODIC "ACTION MEMOS" TO ALL OECD MEMBERS REPORTING ON FAC DEVELOPMENTS. SECRETARIAT AGREED THAT AS OBSERVERS TO FAC, IT WILL HELP TO SERVE AS CHANNEL OF INFORMATION BETWEEN FAC AND TWP. IT WAS AGREED THAT MODALITIES FOR DOING THIS WOULD BE AGREED BETWEEN VAN YPERSELE AND DONDELINGER.
TURNER

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TAGS: EFIN, ENRG, OECD, CIEC
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Type: TE
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